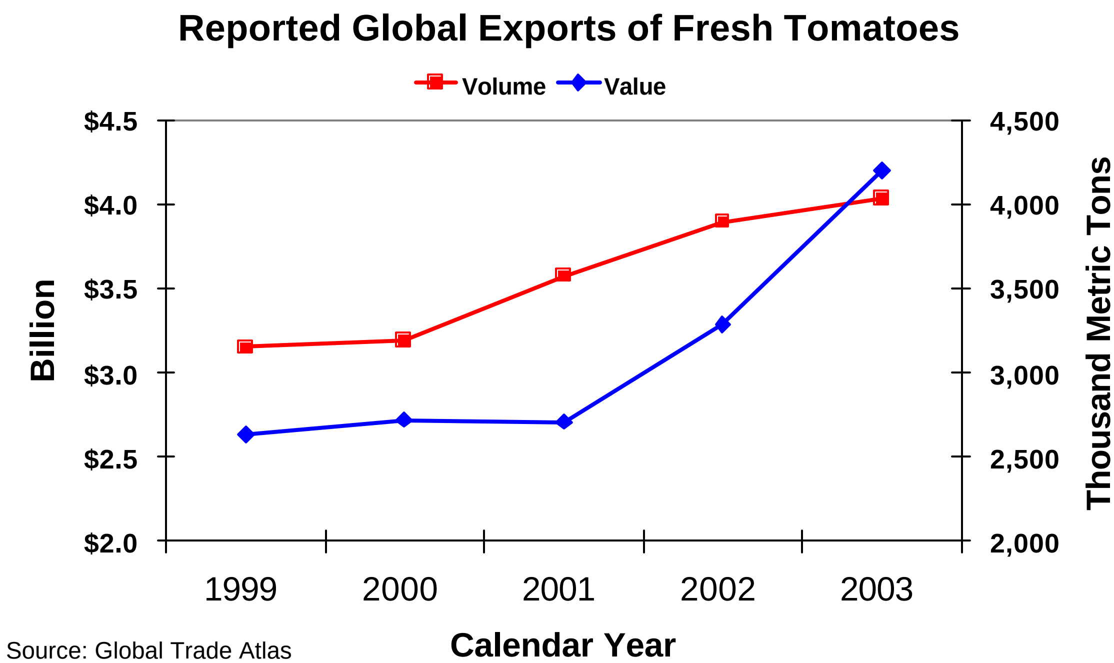
Tomato Products Situation and Outlook

Global fresh tomato trade continues to grow, reaching 4 million metric tons, valued at $4.2 billion in calendar year (CY) 2003. According to the Global Trade Atlas (GTA), the leading fresh tomato exporters-the Netherlands, Mexico, and Spain-account for 68 percent of value and 65 percent of the total volume of reported exports. The United States was the leading importer of fresh tomatoes in 2003, receiving 25 percent of the global value and volume. Other notable importers include Germany and the United Kingdom.

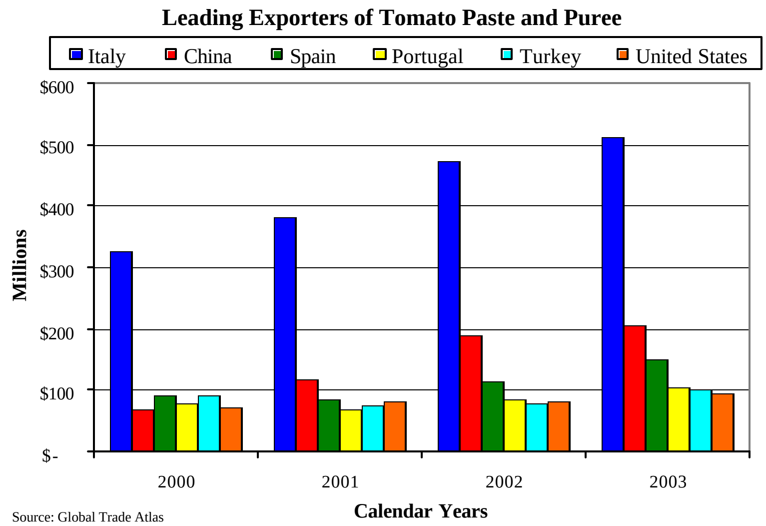


Source

The GTA shows that the tomato paste market continues to grow, reaching $1.4 billion and 1.9 million tons in 2003. Italy continues to be the value leader of the global paste market, with exports topping $510 million with a volume of 595,000 tons. Steady growth in Italy's traditional European markets have been augmented by expanded exports into the West African countries of Nigeria, Ghana, Togo and Benin. In CY 2003, Nigeria became Italy's second largest export market for paste with shipments valued at $50 million.

According to the GTA, China is the world's second leading tomato paste exporter with 2003 exports of 404,000 tons valued at $206 million. This is 2.7 times more than its nearest competitor, Turkey, with exports of 150,000 tons. China's emergence as a high-volume, low-cost producer is being felt as traditional exporters are being displaced in global markets. Interestingly, China's largest paste market is Italy, where the paste is reprocessed for further use. China is also making inroads in the Middle East and with its neighbors, Russia, Japan, Kazakhstan, and South Korea.

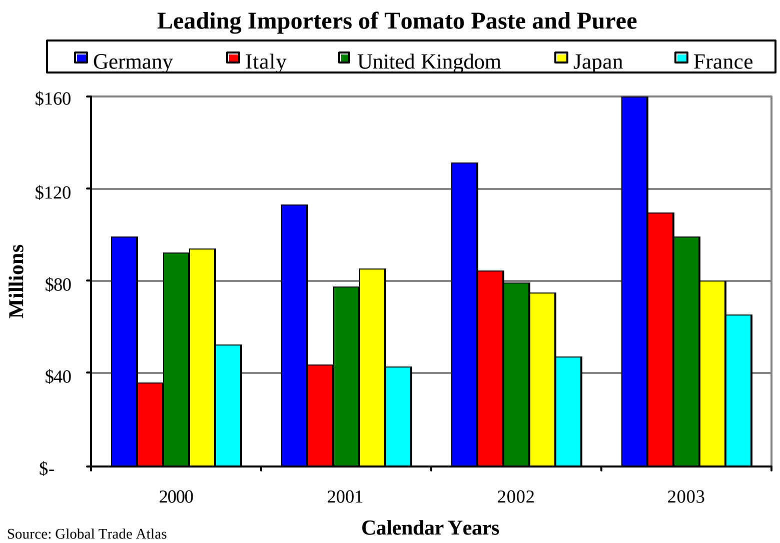
Among the leading importers by value, Germany has rapidly developed into the most valuable market, reaching $160 million in 2004. Italy has followed a similar pattern with imports trebling from CY 2001 to $109 million in CY 2003. Germany's role as the world's largest importer by volume is being eroded by booming imports in Italy and the United Kingdom.



Production for Selected Countries

Brazil

Brazil's 2004 tomato crop declined 6 percent to 3.4 million tons due to poor weather, disease, and decreased plantings due to low 2003 market prices. Production is expected to remain stable through 2005. However, increased use of high cost inputs combined with improved, high yield varieties is expected to boost Brazil's production in the future. Traditionally, 60 percent of the production was consumed fresh. There has been a shift towards processing tomatoes as fresh tomatoes are increasingly imported.



Brazil's trade in tomato products was heavily influenced by the devaluation of the Real in 1999, when imports declined and fresh tomato exports rose. Now, Brazil's trade patterns are changing as domestic sufficiency continues to grow. This trend has resulted in declining U.S. exports of sauces and ketchup to Brazil. For more information please see GAIN Report #BR5605.

China

China continues to expand tomato production and processing capacity. In 2003, it is estimated that China produced 33 million tons of tomatoes on 801,300 hectares. In Xinjiang province alone, tomato production increased 30 percent to over 5 million tons.

This increasing production and efficiency is being felt globally, primarily in the paste market. China's main market for paste is Italy, which imports paste for reprocessing. China's penetration of the EU market is expected to grow due to the acquisition of France's largest paste producer by a Chinese processor. Most of China's paste production is destined for the global markets as there is little domestic consumption of paste. For additional details, please see Attaché Report #CH4031.

Chile

Loss of the main export market, Argentina, and domestic increasing substitution of other horticultural products has pressured less competitive tomato producers out of the market. Despite an expected rebound in Argentina's demand for fresh tomatoes, plantings and production are not expected to increase for 2005 due to poor weather that delayed plantings and lowered yields. Processing tomato production is expected to stabilize over the long run as the industry is operating at over 85 percent capacity and uncertainty in international markets has reduced the attractiveness of new investments.

Chilean production of canned tomatoes is export driven. While the shortfall of production in Italy did not yield an increase in volume, Chilean canned tomato exports did receive a healthy increase in price. Production in 2005 is expected to decline to 4,800 tons based on weaker export demand. Tomato sauce, like canned tomatoes, is an export-dependent product. However, expected growth in the export markets for 2005 has led to increased production estimates. For additional details, please see Attaché Report #CI4036.

France

France's tomato production is expected to rise in 2004 to 614,770 tons, while processing tomato production continues to decline due to low domestic competitiveness. This may change, as a major Chinese tomato processor bought the leading French processor to reprocess imported Chinese paste for sale in the European market. For additional details, please see Attaché Report #FR4073.

Greece

Favorable weather benefited Greece's tomato production in 2004. Total production is estimated at 1.8 million tons, which is a significant increase over the 1.3 million tons from 2003. Despite the jump in tomato production, processing tomato production remains below the EU regulated country quota. This is attributed to wary farmers lowering the planting levels in 2004 after Greece experienced a bout of inclement weather in 2003.

Although Greek tomato product exports are expected to rebuild based on an increased supply, the loss of traditional markets and increased international competition will continue to pressure Greek producers. Exports of paste are forecast to be between 135,000 - 140,000 tons and canned tomato exports are expected to be between 25,000 - 30,000 tons. For additional details, please see Attaché Report #GR4035.

Israel

In 2004, Israel's production of processing tomatoes rose 8 percent to 171,000 tons despite poor weather conditions that delayed plantings, lowered yields, and caused significant waste in the crop. However, this is expected to rise further to 240,000 tons in 2005 on strong market demand for processed tomato products.

The total area planted to fresh tomatoes was 1,345 hectares in 2003. Approximately 96 percent of fresh tomato production is under net covers or in greenhouses. This ratio is expected to decline as new field varieties resistant to the Tomato Yellow Leaf Curl virus are introduced commercially. For additional details, please see Attaché Report #IS4003.

Italy

Italy's tomato production is primarily focused on processing tomatoes, which account for 88 percent of the total 6.6 million tons reported in 2004. Interestingly, this yield is much higher than originally expected. Damaging weather early in the season prompted many farmers to replant. The early bout of bad weather was followed by ideal conditions, which further boosted production.

The recent EU Common Agricultural Policy reforms do not allow farmers who receive decoupled payments to plant secondary crops before August 15. However, Italian tomato producers are expected to petition the EU commission to move the deadline to July 15, a move that could flood the domestic market and trigger strong opposition from Italy's tomato processors. For further details, please see Attaché Report #IT 4039.

Mexico

Mexico's fresh tomato production is estimated to be 2 million tons in 2004/05 based on higher yields. Inclement weather in key producing states lowered production early in the marketing year. However, replanting is expected to make up for the lag. Despite the advantages of being able to produce in the off-season of the United States, Mexico's main export market, the high cost of imported inputs, and lack of credit continue to curtail Mexico's production.

Tomato deliveries to Mexico are largely a function of fresh tomato prices in international markets. Mounting production costs and low global paste prices make it more economical to import paste from the United States. Even when international prices for fresh tomatoes are low, the paste industry cannot take advantage of the situation due to the high costs of manufacturing. For additional details, please see Attaché Report #MX4137.

Turkey

Turkey's large tomato crop did not result in higher paste production. A strong Lira and strong international competition have limited Turkey's ability to export paste. Also, a trade dispute with the EU means that Turkey will be unable to utilize an EU 30,000-ton tariff rate quota. As a result, paste production is expected to decline while canned tomato production is expected to increase. For additional details, please see Attaché Report #TU4043.

United States

U.S. tomato production was up slightly to 1.6 million tons in 2004. The tropical storms and hurricanes that struck Florida resulted in some loss and lowered yields entering into the winter harvest. California had near pristine growing weather for processing tomatoes that increased the tomato pack by 26 percent. However, California tomato processors are likely to contract fewer tomatoes in 2005 due to large domestic stocks.

The FAS Attaché Report web search engine allows users to search for the selected vegetable industries for selected countries. For information on production and trade, contact Kyle Cunningham at 202-720-0875 or Shari Kosco at 202-720-2083. For information on marketing, contact Krista Dickson at 202-690-1341.